

Domestic Fundamentals:

Market Outlook:

Demand for cotton is likely to remain robust in the coming months, both in domestic and international markets. This along with minimum support price hike is likely to keep cotton prices firm. Also, China is expected to purchase large quantities of cotton from India, replacing US as its largest source of cotton which is expected to keep the prices into next season supported.

In the News: Industry experts pointed out that the traders are buying cotton at Rs 50 or Rs 100 more than MSP and once arrivals peak. Cotton Corporation of India (CCI), which was gearing up for procurement operations at Minimum Support Prices (MSP) from farmers may have to wait for a while as prices have gone above the MSP. Cotton prices are ruling at Rs 5,800 per quintal and have jumped up by nearly Rs 800 per quintal in last 10-12 days, according to traders.

The depreciating rupee has made cotton prices favourable for export and countries like China are already actively purchasing the produce. The current price for a candy is between ₹ 45,000 and ₹ 46,000 which makes it feasible for purchasers at local market yards even in erstwhile Adilabad to pay the farmers above the minimum support price of ₹ 5,450 per quintal.

Cotton Corp of India, which had earlier announced launching procurement on Oct 1, is unlikely to start full operations till Diwali as prices in most markets have jumped above the minimum support price, sources said. Prices of raw cotton in the northern zone, which were below the support price at the beginning of this month, are now hovering around 5,500 rupees per 100 kg. Diwali celebrations start on Nov 7 and last for about a week.

Cotton prices are expected to remain firm in the long term with traders expecting export demand to pick up. Current delays in the arrival of crop in Gujarat and Rajasthan mandis may also support the prices. Agriwatch expect prices to move from the current Rs 5800 per Qtl of 170 kg each to Rs 6300 per Qtl in October. Increased demand from China, Bangladesh and Vietnam and the opening up of the Pakistan market for Indian cotton could firm up prices further.

Cotton Corporation of India (CCI) proposes to open 43 cotton purchase centres in the AP state to purchase cotton because cotton arrivals will start in the next 15-days. Taking demand into consideration, the Central government has fixed Rs.5,450 as minimum support price (MSP) per quintal. The MSP for cotton was Rs 4,350 per quintal during last year.

Gujarat Old Stock Cotton prices of 29 mm New Crop arrivals sold between 45,600 to 46,600 Rs./Candy. Outstate arrivals of new Crop Kapas from Madhya Pradesh and Maharashtra have started in Some quantities. All India Daily Arrivals remained 55,000 to 60,000 bales. Gujarat Daily Pressing was approximately 6,000 -7,000 bales.

Rains have damaged around 70% cotton fields in the Haryana state and crop loss in some areas may be very high. Overall, the yield may drop to around 390 kg per ha, the official said. The state, in its first estimate for 2018-19 crop output pegged cotton output at 1.70 mln bales (1 bale = 170 kg) with acreage at 669,000 ha and yield at 432 kg per ha. At a yield of 390 kg per ha, output from 669,000 ha will be a little over 1.53 mln bales. As per the preliminary survey, 51-75% crop has been damaged over 100,000 ha, 26-50% on 190,000 ha, and up to 25% on 185,000 ha. Crop over 486,000 ha, which is 70% of the total area under the crop, has been damaged anywhere between 5% and 75%, the official said. Hisar and Sirsa are major cotton producing districts that have been severely affected by the rainfall in September. Haryana is the major producer of cotton in north India.

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The Cotton Corp of India will soon commence procurement of raw cotton in Punjab, Haryana and Rajasthan, once the new crop conforms to quality norms fixed for the current season that started Monday, a senior official said. CCI keeping a close watch and awaiting quality arrivals in the market as recent rains have led to moisture above the stipulated norms for the fair-average quality material.

Cotton October prices were slightly up in during the week on the Multi-Commodity Exchange (MCX) on emergence of some demand after Cotton Association of India (CAI) projected a decline in output in its first cotton estimate. CAI trimmed cotton crop estimates for 2018-19 season to 34.8 million bales from 36.5 million bales in 2017-18. Cotton sowing was reported at 12.06 million hectares for 2018-19 compared to 12.17 million hectare last year, according to Central government data.

CCI has geared up for large-scale MSP operations across the country as the Centre announced an MSP increase of 26-28 per cent for the fibre crop over last year. For the long staple variety, MSP has been increased by 26.16 per cent to ₹5,450 per quintal, while for the medium staple, MSP hike has been 28 per cent to ₹5,150 per quintal. CCI have already opened 330 centres and if required, may go up to 390 said P Alli Rani, Chairman and ND, CCI. Though CCI has opened 330 procurement centres across key growing states since October 1, purchases at support price have not begun so far due to the higher moisture content of over 12 per cent in cotton offered to CCI. Last year, CCI had procured less than four lakh bales under MSP operations, since the market prices rose quickly and went above MSP rates. This year since MSP rates are much higher, the probability of higher volumes being purchased under MSP is high

Weather Update:

20th Oct ♦ Heavy rainfall very likely at isolated places over Tamilnadu & Puducherry and Kerala

22nd Oct Heavy rainfall llikely at isolated places over Andaman & Nicobar Islands.

The weather pattern's possible emergence and its impact on the north-west monsoon is an annual cause of concern for policymakers in India, where 60% of the crop area lacks assured irrigation. The summer-sown Kharif crop, which accounts for half of India's foodgrain output, is particularly dependent on monsoon rainfall. El Nino is part of a natural process, characterised by a warming in the Pacific Ocean, with repercussions across the globe, including higher temperatures and drought in some parts.



International Fundamentals:

ICE cotton futures slipped on Friday, on track to register their biggest weekly loss in three, as weak demand offset concerns of crop damage due to bad weather. The most active cotton contract on ICE Futures U.S., the front month December contract, fell 0.23 cent, or 0.3 percent, to 77.82 cents per lb as of 1:31 p.m. EDT (1731 GMT). The contract traded within a range of 77.52 cents and 78.15 cents a lb, and was on track to register its worst week since the week of Sept. 28.

The latest U.S. Department of Agriculture (USDA) cotton estimates for 2018/19 project world ending stocks to decrease 8 percent from the previous season to 74.4 million bales. With global cotton mill use forecast to exceed production, world stocks are expected to decline 6.4 million bales by season's end, as lower stocks in China in 2018/19 more than offset higher stocks outside of China.

According to customs' statistics of major exporters, arrivals of imported yarn in Sep are assessed at 142kt, down by 29% on the month. Of the total, cotton yarn containing over 85% cotton reached about 133kt. The major origins are Vietnam (50kt), India (28kt), Pakistan (28kt), Indonesia (8kt), Uzbekistan (9kt), Taiwan (7kt) and other regions and countries (12kt).

U.S. exporters struggle with a stronger dollar, cotton sales also have slowed. This week's Export Sales report showed just 70,300 bales of net new sales for 2018-19. China cancelled 50,200 bales for 2018-19 and rebooked 56,400 for 2019-20. Vietnam accounted for nearly half of this week's net new sales at 34,700 bales of new orders. However, this does not necessarily mean that demand is gone.

NCDEX Kapas Futures*: (Prices in Rs/20 kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18(C1)	0.42	1180	1192	1179	1184	3318	532	5833	-43

Spread	Oct 18(C1)		-	-	--	--
Spot	1		-	-	-	-
Oct-18			-	-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 19 Oct 2018

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-18	0.09	22720	22920	22720	22780	429	-271	2203	-27
Nov-18	0.04	22540	22740	22480	22520	990	-178	3695	127

Spread	Oct 18		-	-	--	--
Spot	180		-	-	-	-
Oct-18			-	-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at as on 19-Oct- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Oct-18	20-Oct-18	
Gujarat	Ahmedabad	Shankar-6	6050	5900	150
	Gondal	Shankar-6	6055	NR	-
	Rajkot	B.T. Cotton	6025	5905	120
	Patan	B.T. Cotton	6060	6000	60
	Kadi	B.T. Cotton	6200	6100	100
	Deesa	B.T. Cotton	5635	5610	25
	Dhrol	B.T. Cotton	5935	6055	-120
Punjab	Fazilika	B.T. Cotton	NR	NR	-

	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	Closed	-
	Bhiwani	Desi	5900	Closed	-
	Adampur	B.T. Cotton	5350	5350	Unch
	Fatehabad	B.T. Cotton	5350	5350	Unch
	Jind	B.T. Cotton	5500	5450	50
	Uchana	B.T. Cotton	5440	5340	100
	Dabwali	B.T. Cotton	5270	5220	50
Rajasthan	Hanumangarh	B.T. Cotton	5400	5300	100
	Rawatsar	B.T. Cotton	5280	5300	-20
Madhya Pradesh	Khandwa	Mech-1	5600	5290	310
	Khargaon	Mech-1	5705	5705	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	4700	4800	-100
Telangana	Adilabad	Un-Ginned	5650	5800	-150
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6119	6103	16
	Hubli	D.C.H.	6007	6007	Unch
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5911	5950	-39
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Oct-18	20-Oct-18	
Punjab	Bhatinda	J-34	4585	4560	25
	Abohar	J-34	4590	4560	30
	Mansa	J-34	4540	4535	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4600	4550	50
Rajasthan	Sri-Ganganagar	J-34	4254	4230	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-18	20-Oct-18	
Gujarat	Ahmedabad	Shankar-6	17000	20400	-3400
	Gondal	Shankar-6	1849	NR	-
	Rajkot	B.T. Cotton	2800	3200	-400
	Patan	B.T. Cotton	22614	19701	2913
	Kadi	B.T. Cotton	5000	12500	-7500
	Deesa	B.T. Cotton	15	20	-5

	Dhrol	B.T. Cotton	224	139	85
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	18000	Closed	-
	Bhiwani	Desi	200	Closed	-
	Adampur	B.T. Cotton	3400	5100	-1700
	Fatehabad	B.T. Cotton	1000	800	200
	Jind	B.T. Cotton	1275	765	510
	Uchana	B.T. Cotton	3200	2320	880
	Dabwali	B.T. Cotton	1800	1675	125
Rajasthan	Hanumangarh	B.T. Cotton	5000	3000	2000
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	269	57	212
	Khargaon	Mech-1	5200	5250	-50
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	200	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1644	559	1085
	Hubli	D.C.H.	26	14	12
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1020	667	353
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-18	20-Oct-18	
Punjab	Bhatinda	J-34	11900	8500	3400
	Abohar	J-34	2040	2040	Unch
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	1700	1190	510
Rajasthan	Sri-Ganganagar	J-34	1800	700	1100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Oct-18	20-Oct-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	#N/A	42800	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	#N/A	43300	-
J-34(202)	26mm	3.5 - 4.9	23	#N/A	NA	-

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	#N/A	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	#N/A	46600	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	#N/A	46500	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	#N/A	49100	-
DCH-32(107)	34mm	3.0 - 3.8	33	#N/A	58100	-

Centre	Unit	Price		Change
		22-Oct-18	20-Oct-18	
Rajkot	Rs. /10 Kg.	760	770	-10
New Delhi	Rs. /10 Kg.	735	735	Unch
Hyderabad	Rs. /10 Kg.	760	760	Unch
Mumbai	Rs. /10 Kg.	785	785	Unch

Centre	Unit	Price		Change
		22-Oct-18	20-Oct-18	
Mahesana (Kadi)	Rs./Qtl	1997	1983	14
Akola	Rs./Qtl	1786	1774	12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19-Oct-2018		
Index	RMB/Ton	Change
CCIndex(328)	15898	-15
CCIndex(527)	14889	-13
CCIndex(229)	16599	-26
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 19-Oct-2018		
Index	Cents/lb	Change
FC Index (S)	92.95	0
FC Index (M)	89.01	0
FC Index (L)	87.23	0

Cotlook Index: As on 1-Oct-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	87.75	00

USDA-19.10.2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.67	79.92	0
North Delta	76.67	78.42	0
South Delta	76.67	78.42	0
East TX-OK	72.42	74.92	1130
West Texas	71.92	74.42	176
Desert SW	72.17	76.17	229
SJ Valley	72.67	81.57	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

Pakistan Cotton Spot rates: As on 19-Oct-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 kg	8900	160	9060
Equivalent	40 kg	9538	171	9709

Daily Futures Price Listing Fri October 19, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181019	78.15	78.15	77.52	77.92	-0.13	11,790	1,36,785	-1,531
Mar-19	181019	79.39	79.55	78.94	79.36	-0.13	6,067	72,052	1,108
May-19	181019	80.4	80.51	80	80.45	-0.1	1,481	15,827	376
Jul-19	181019	81.15	81.26	80.75	81.23	-0.06	308	9,423	53
Oct-19	181019	78.17	78.17	78.17	78.17	-0.12	0	3	0
Dec-19	181019	76.6	76.88	76.5	76.68	-0.14	208	26,853	12
Total Volume and Open Interest							19,854	2,62,698	18

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